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13 *Proposed Attorneys for Debtors*  
14 and *Debtors in Possession*

15 **UNITED STATES BANKRUPTCY COURT**  
**NORTHERN DISTRICT OF CALIFORNIA**  
**SAN FRANCISCO DIVISION**

17 **In re:**

18 **PG&E CORPORATION,**

19 **- and -**

20 **PACIFIC GAS AND ELECTRIC**  
**COMPANY,**

21 **Debtors.**

- 22  Affects PG&E Corporation  
23  Affects Pacific Gas and Electric  
Company  
24  Affects both Debtors

25 \* *All papers shall be filed in the Lead  
Case, No. 19-30088 (DM).*

Bankruptcy Case  
No. 19-30088 (DM)

Chapter 11  
(Lead Case)  
(Jointly Administered)

**MOTION CONFIRMING INTERIM ORDER**  
**PURSUANT TO 11 U.S.C. §§ 105(a), 363(b), AND 507**  
**AND FED. R. BANKR. P. 6003 AND 6004**  
**AUTHORIZING DEBTORS TO (I) PAY**  
**PREPETITION WAGES, SALARIES, WITHHOLDING**  
**OBLIGATIONS AND OTHER COMPENSATION AND**  
**BENEFITS; (II) MAINTAIN EMPLOYEE WAGE AND**  
**BENEFITS PROGRAMS; AND (III) PAY RELATED**  
**ADMINISTRATIVE OBLIGATIONS**

26 Date: TBD  
27 Time: TBD  
Place: United States Bankruptcy Court  
Courtroom 17, 16th Floor  
28 San Francisco, CA 94102

1 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the  
2 “**Utility**”), as debtors and debtors in possession (collectively, “**PG&E**” or the “**Debtors**”) in the above-  
3 captioned chapter 11 cases (the “**Chapter 11 Cases**”), hereby submit this Motion (the “**Motion**”) for an  
4 order confirming the interim relief approved in the Court’s Order, dated January 31, 2019, [Docket No.  
5 210] (the “**Interim Employee Wage Order**”), with respect to the *Motion of Debtors Pursuant to 11*  
6 *U.S.C. §§ 105(a), 363(b), and 507 and Fed. R. Bankr. P. 6003 and 6004 for Interim and Final Authority*  
7 *to (I) Pay Prepetition Wages, Salaries, and other Compensation and Benefits; (II) Maintain Employee*  
8 *Benefit Programs; and (III) Pay Related Administrative Obligations* filed on January 29, 2019 [Docket  
9 No. 8] (the “**Employee Wage Motion**”).<sup>1</sup>

10 A proposed form of order granting the relief requested herein is annexed hereto as  
11 **Exhibit A** (the “**Order**”).

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<sup>1</sup> Contemporaneously herewith, the Debtors have filed an Application requesting a hearing on the relief requested herein on an expedited basis to avoid any financial hardship to, or further imposition on, the Debtors’ Employees as a result of the commencement of these Chapter 11 Cases.

## **MEMORANDUM OF POINTS AND AUTHORITIES**

## I. JURISDICTION

The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.), and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California (the “**Bankruptcy Local Rules**”). This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

## II. BACKGROUND

On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary cases under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee has been appointed in either of the Chapter 11 Cases. The Debtors’ Chapter 11 Cases are being jointly administered for procedural purposes only pursuant to Bankruptcy Rule 1015(b).

Additional information regarding the circumstances leading to the commencement of the Chapter 11 Cases and information regarding the Debtors' businesses and capital structure is set forth in the Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief [Docket No. 263] (the "**Wells Declaration**").

### **III. THE OUTSTANDING EMPLOYEE COMPENSATION AND RELOCATION EXPENSES**

Pursuant to the Employee Wage Motion<sup>2</sup>, the Debtors sought authority to, *inter alia*, pay and honor certain Compensation Obligations and benefits for the Debtors' Employees that were outstanding with respect to the period prior to the Petition Date. In the Employee Wage Motion and at the hearing held on January 31, 2019, the Debtors represented that they did not believe any outstanding prepetition Compensation Obligations to their Employees exceeded \$12,850 per individual Employee – the amount of the statutory caps for priority treatment of individual prepetition wages and benefits

<sup>2</sup> Capitalized terms used herein unless otherwise defined have the meanings ascribed to such terms in the Wage Motion.

1 established under sections 507(a)(4) and (a)(5) of the Bankruptcy Code. On January 31, 2019, the Court  
2 entered the Interim Employee Wage Order granting the relief requested in the Employee Wage Motion  
3 on an interim basis.

4 Subsequent to the entry of the Interim Employee Wage Order, the Debtors discovered  
5 that outstanding Compensation owed to approximately thirty (30) Employees with respect to the  
6 prepetition period exceeded the \$12,850 cap. The aggregate amount in excess of the cap for such  
7 Employees is approximately \$260,000, or an average of approximately \$8,650 per Employee  
8 (collectively, the “**Outstanding Compensation**”). In addition, the Outstanding Compensation amounts  
9 range from approximately \$230.00 to approximately \$50,000 per Employee. All but three of such  
10 Employees are Union Represented Employees and none of such are officers or Insiders.

11 In addition, pursuant to the Employee Wage Motion, the Debtors sought authority to,  
12 *inter alia*, pay and honor certain obligations relating to their Relocation Program. In the Employee Wage  
13 Motion, the Debtors represented that they owe approximately \$1,400,000 on account of prepetition  
14 obligations associated with the Relocation Program, \$100,000 of which will come due during the Interim  
15 Period.

16 Subsequent to the entry of the Interim Employee Wage Order, the Debtors became aware  
17 of certain relocation-related payments owed to approximately twenty-one (21) Union Represented  
18 Employees that were not included in the amounts set forth in the Employee Wage Motion. These  
19 amounts relate to payments to such Union Represented Employees in consideration of them being moved  
20 to new work locations and were negotiated with the Unions in connection with the consolidation of  
21 certain functions provided by the Union Represented Employees (collectively, the “**Additional**  
22 **Relocation Payments**”). The Additional Relocation Payments are between \$20,000 and \$25,000 per  
23 Employee for an aggregate amount of approximately \$500,000. The Debtors believe that almost all –  
24 approximately \$415,000 of the \$500,000 – qualify as administrative expenses as the affected Union  
25 Represented Employees do not earn the payment until they have reported to the new location, and such  
26 reporting has not yet occurred for seventeen of the twenty-one Union Represented Employees entitled  
27 to these payments.

1 **IV. RELIEF REQUESTED**

2           Although the Employee Wage Order itself does not limit the payment of prepetition  
3 Compensation Obligations to the \$12,850 cap, out of an abundance of caution and because of the  
4 representation made in the Employee Wage Motion and at the initial hearing on the Employee Wage  
5 Motion, the Debtors seek authority to pay the Employees the balance of the Outstanding Compensation  
6 owed to them with respect to their customary and expected compensation.

7           In addition, the Debtors seek authority to pay the Additional Relocation Payments to the  
8 extent any such payments represent prepetition obligations.

9 **V. BASIS FOR RELIEF REQUESTED**

10          The Employee Wage Motion sets forth in detail the legal bases that support the relief  
11 requested herein and the Debtors incorporate the same into this Motion. The Outstanding Compensation  
12 owed to the Employees is very important to meeting their day to day expenses and other needs and  
13 constitutes normal and customary earned wages. As a result of the commencement of these Chapter 11  
14 Cases, certain of their compensation checks were dishonored because, although they were issued in the  
15 normal course prior to the Petition Date, they were not presented timely as a result of, in certain instances,  
16 the Employees dealing with the exigencies of their job responsibilities.

17          The Additional Relocation Payments also are an expected and integral part of the Union  
18 Represented Employees' compensation arrangements and were negotiated and agreed to with the Unions  
19 to address cost savings in connection with certain consolidations. The Additional Relocation Payments  
20 were negotiated at arms' length with the Unions and are required to be made pursuant to the collective  
21 bargaining agreements and other related agreements.

22          The Debtors believe that under these circumstances, it is warranted and appropriate to  
23 pay the Outstanding Compensation and Additional Relocation Payments due to, among other things, the  
24 ongoing services the Employees provide and the relative modest amounts involved on an aggregate basis.  
25 The Debtors believe that the relief requested herein is entirely consistent with the relief granted in the  
26 Employee Wage Order and will promote Employee morale and avoid an undue hardship being imposed  
27 on the Employees.

1 **VI. RESERVATION OF RIGHTS**

2 Nothing contained herein is intended to be or shall be construed as (i) an admission as to  
3 the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any appropriate party in  
4 interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract,  
5 program, policy, or lease under section 365 of the Bankruptcy Code. Likewise, if the Court grants the  
6 relief sought herein, any payment made pursuant to the Court's Order is not intended to be and should  
7 not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute  
8 such claim subsequently.

9 **VII. IMMEDIATE ENTRY OF AN ORDER PURSUANT TO BANKRUPTCY RULE 6003**

10 Bankruptcy Rule 6003 provides that, to the extent relief is necessary to avoid immediate  
11 and irreparable harm, a Bankruptcy Court may issue an order granting "a motion to use, sell, lease, or  
12 otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a  
13 claim that arose before the filing of the petition" before twenty-one (21) days after filing of the  
14 petition. As set forth above, in the Employee Wage Motion, and in the Wells Declaration, the Debtors  
15 cannot risk the damage to their businesses, and the potential disruption to their ability to provide  
16 essential utilities to 16 million Californians, that would follow any decline in morale and the resulting  
17 attrition that likely would occur if the Debtors fail to pay the Personnel their compensation and other  
18 benefits. Accordingly, the Debtors have satisfied the requirements for immediate entry of an order  
19 granting the relief requested herein pursuant to Bankruptcy Rule 6003.

20 **VIII. REQUEST FOR BANKRUPTCY RULE 6004 WAIVERS**

21 The Debtors request a waiver of the notice requirements under Bankruptcy Rule 6004(a)  
22 and any stay of the order granting the relief requested herein pursuant to Bankruptcy Rule 6004(h). As  
23 explained in the Employee Wage Motion, the relief requested herein is necessary to avoid immediate  
24 and irreparable harm to the Debtors. Accordingly, ample cause exists to justify the waiver of the notice  
25 requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay imposed by Bankruptcy Rule  
26 6004(h), to the extent such notice requirements and stay apply.

1 **IX. NOTICE**

2 Notice of this Motion will be provided to (i) the Office of the United States Trustee for  
3 Region 17 (Attn: James L. Snyder, Esq. and Timothy Laffredi, Esq.); (ii) the Debtors' fifty (50) largest  
4 unsecured creditors on a consolidated basis; (iii) the Securities and Exchange Commission; (iv) the  
5 Internal Revenue Service; (v) the Office of the California Attorney General; (vi) the California Public  
6 Utilities Commission; (vii) the Nuclear Regulatory Commission; (viii) the Federal Energy Regulatory  
7 Commission; (ix) the Office of the United States Attorney for the Northern District of California; (x)  
8 counsel for the agent under the Debtors' debtor in possession financing facilities; (xi) the Banks; and  
9 (xii) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant  
10 to Bankruptcy Rule 2002. Based on the urgency of the circumstances surrounding this Motion and the  
11 nature of the relief requested herein, the Debtors respectfully submit that no further notice is required.

12 No previous request for the relief sought herein has been made by the Debtors to this or  
13 any other court, except as set forth in the Employee Wage Motion.

14 WHEREFORE the Debtors respectfully request entry of an order granting the relief requested  
15 herein and such other and further relief as the Court may deem just and appropriate.

17 Dated: February 8, 2019

18 **WEIL, GOTSHAL & MANGES LLP**

19 **KELLER & BENVENUTTI LLP**

20 By: /s/ Tobias S. Keller  
Tobias S. Keller

22 *Proposed Attorneys for Debtors  
and Debtors in Possession*